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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re:

USA COMMERCIAL MORTGAGE COMPANY,

USA CAPITAL REALTY ADVISORS, LLC,

USA CAPITAL DIVERSIFIED TRUST DEED FUND,
LLC,

USA CAPITAL FIRST TRUST DEED FUND, LLC,

USA SECURITIES, LLC,

Debtors.

Case No. BK-S-06-10725-LBR
Case No. BK-S-06-10726-LBR
Case No. BK-S-06-10727-LBR
Case No. BK-S-06-10728-LBR
Case No. BK-S-06-10729-LBR

CHAPTER 11

Jointly Administered Under Case No. BK-S-06-10725 LBR

Objection of USACM Trust To the Sandler Living Trust's Claim Filed as Secured and in Wrong Debtor's Case; Objection of DTDF to Proposed Allowance of Claim; and Certificate of Service

Hearing Date: November 2, 2007
Hearing Time: 9:30 a.m.

Affects:

- ☐ All Debtors
☒ USA Commercial Mortgage Company
☐ USA Capital Realty Advisors, LLC
☒ USA Capital Diversified Trust Deed Fund, LLC
☐ USA Capital First Trust Deed Fund, LLC
☐ USA Securities, LLC

The Sandler Living Trust ("Sandler") filed Proof of Claim No. 10725-00218 (Exhibit 1) against USA Commercial Mortgage Company ("USACM") in the amount of \$25,000.00. The USACM Liquidating Trust (the "USACM Trust") objects to Sandler's

1 claim.

2 As originally filed, the claim lacked any explanation or basis. The USACM Trust
3 contacted Sandler because the claim as filed with BMC did not list any amount and was
4 not supported by any documentation. Sandler provided the USACM Trust with a revised
5 proof of claim (Exhibit 2) in the amount of \$25,000.00, marked as “Secured,” and attached
6 a transaction confirmation for purchase of one unit of USA Capital Diversified Trust Deed
7 Fund, LLC (“DTDF”) held in Shareholder Account 13990.

8 The USACM Trust objects to Sandler’s assertion that the claim is secured by a
9 valid lien on USACM property and moves the Court, pursuant to 11 U.S.C. § 502 and
10 Rule 3007 of the Federal Rules of Bankruptcy Procedures, for an order reclassifying Claim
11 No. 10725-00218 as a general unsecured claim.

12 The basis for the claim is shown in the attachment as an investment in USA Capital
13 Diversified Trust Deed Fund, LLC (“DTDF”). Accordingly, it is a claim that was
14 incorrectly filed in the USACM case. The USACM Trust respectfully requests that this
15 claim be disallowed as a claim against USACM.

16 DTDF further objects to any allowance of Sandler’s claim as a claim against the
17 DTDF estate. Sandler has already asserted a proof of interest in the DTDF case. This
18 objection does not seek to prejudice the rights of Sandler as a DTDF member to
19 recover from the DTDF estate on a pro rata basis on account of Sandler’s interest as a
20 member of DTDF and does not by this objection seek disallowance of any existing
21 proof of interest filed by Sandler in the DTDF case or any interest of Sandler as a
22 member of DTDF as reflected on the books and records of DTDF. However, the claim
23 that is the subject of this objection should be disallowed in the DTDF case also.

24 Accordingly, the USACM Trust and DTDF seek entry of an order that will
25 reclassify the Sandler claim as unsecured; disallow Sandler’s claim against USACM;
26 and disallow any proposed allowance of Sandler’s claim in the DTDF case, without

prejudice to any proof of interest filed by Sandler in the DTDF case or as reflected in the books and records of DTDF.

This objection is made pursuant to Bankruptcy Code § 502, Federal Rule of Bankruptcy Procedure 3007, and Local Rule of Bankruptcy Practice 3007.

Dated: September 19, 2007.

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Certificate of Service

I certify that a copy of the foregoing was served via first class mail, postage prepaid, addressed as set forth below, on this 19th day of September, 2007 to:

The Sandler Living Trust
c/o Robert B. and Patricia D. Sandler, Trustee
8912 E. Pinnacle Road, Box 591
Scottsdale, AZ 85255

/s/ Christine E. Laurel
Christine E. Laurel
Lewis and Roca LLP